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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday August 23, 1977 CG NIDC 77-196C

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NATIONAL SECURITY INFORMATION
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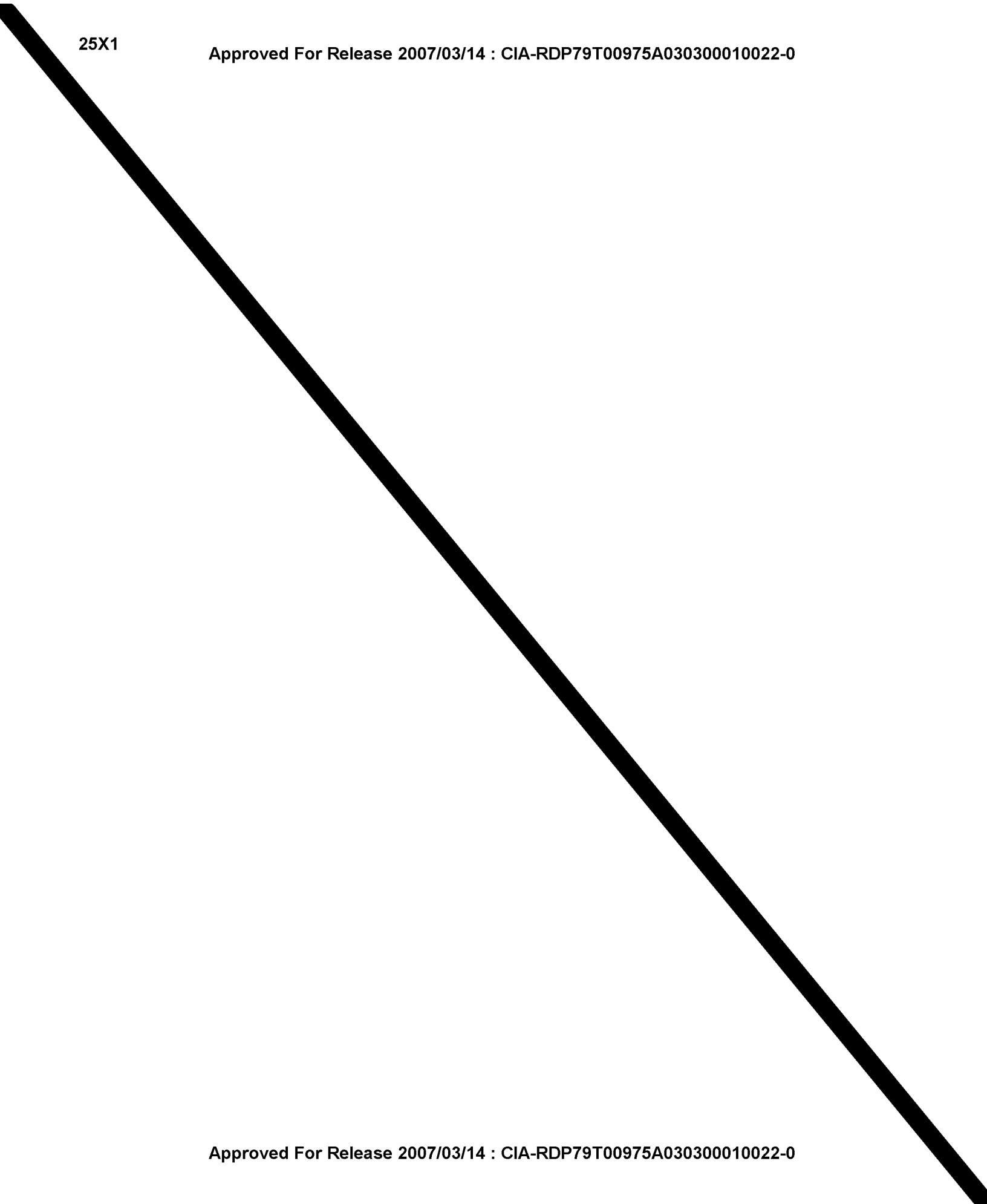

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National Intelligence Daily Cable for Tuesday, August 23, 1977.

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

SYRIA: Countering Corruption Charges Page 1

ROMANIA-ISRAEL: Begin's Bucharest Visit Page 2

INDIA: Desai's Travel Itenerary Page 4

POLAND: Rumored Personnel Changes Page 4

CHINA: Hua's Congressional Speech Page 9

Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

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Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

SYRIA: Countering Corruption Charges

25X1 *Syrian President Asad has taken steps to neutralize domestic criticism of his regime. Asad attacked corruption and government inefficiency late last week in a major televised speech before the opening session of the newly elected Syrian People's Assembly and assigned the ruling Baath party the job of dealing with these problems.*

25X1 To underscore his concern, Asad announced the establishment of a special committee to investigate charges of corruption. The step follows closely the promulgation of several new economic decrees ostensibly designed to crack down on graft and prevent shortages in basic staples. As a personal gesture demonstrating his own probity, Asad also donated some inherited land and a house he owns in Damascus to the state.

25X1 Many observers expect Asad to follow soon with long-expected cabinet changes. Prime Minister Khulayfawi, who has already submitted his resignation, will probably be replaced by Naji Jamil, deputy defense minister and a close crony of Asad.

25X1 Asad's decision to deal publicly with these popular grievances appears to have been prompted in part by the surprisingly low turnout--perhaps as few as 11 percent of eligible voters--at the recent parliamentary election. Some members of the President's inner circle reportedly are disturbed by the voters' apathy and fear that it represents serious discontent with the regime's handling of the economy.

25X1 None of the President's moves appears to have much substance. Instead, they seem designed primarily to undercut the efforts by his opponents to capitalize on popular dissatisfaction over economic conditions and government corruption. The special investigative committee, for example, is to be headed by a close associate of Rifaat Asad, the President's notoriously corrupt brother.

25X1 The palliatives are unlikely to still public discontent for long. Asad will have to demonstrate that he is prepared to put his personal prestige behind the fight against corruption and efforts to improve the government's economic performance.

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25X1 Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

25X1 That will be difficult for Asad to do without alienating some of his most important supporters. Although Asad has diligently sought to avoid the appearance of using his office for self-aggrandizement, he has condoned the corrupt practices of his brother and many of his supporters to ensure their continued loyalty.

25X1 At best, therefore, Asad may encourage some of his senior officials to follow his example by divesting themselves of some of their property and attempt to put a damper on some of Rifaat's activities. But it is doubtful that he or Naji Jamil--should Jamil become prime minister--will undertake a thorough house cleaning. Neither will it be easy politically for Asad to take the necessary measures to dampen inflation and improve government efficiency without actually increasing popular discontent. 25X1

ROMANIA-ISRAEL: Begin's Bucharest Visit

25X1 *//Israeli Prime Minister Begin arrives in Romania on Thursday for an official state visit marking the first high-level contact between Romania and Israel since 1972. Romania is the only Warsaw Pact member that has diplomatic relations with Israel. President Ceausescu will view the trip as a vindication of his efforts to maintain friendly contacts with all sides in the Middle East dispute and of Romania's independent policies in general.//*

25X1 //The Israeli ambassador in Bucharest told US diplomats that the visit will focus on the Middle East and on Jewish emigration to Israel. Begin will hold extended private talks with Ceausescu and will meet with members of Romania's Jewish community. The Israeli leader will also attend Sabbath services at a synagogue in Bucharest.//

25X1 //Ceausescu will probably offer his "good offices" as a conciliator in Israel's dispute with the Arab states. Romania has good relations with the Arabs--including the Palestine Liberation Organization, which maintains a liaison office in Bucharest. Even if Begin declines the offer, Ceausescu will still be able to relay the Israeli viewpoint to Romania's Arab friends--and to the Soviets.//

Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0 25X1

Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

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25X1 //Bucharest has a mixed record on Jewish emigration. According to the census figures of January 1977, Romania's Jewish community numbers 25,700. This figure is presumably understated; the official Israeli estimate is 60,000. Despite their restrictive emigration policies, the Romanians negotiated a "gentleman's agreement" with the Israelis early this year to allow 3,000 Romanian Jews to leave for Israel during 1977. From January to July, however, only 600 to 700 persons actually departed--perhaps half the 1976 rate. The Begin visit may spur Ceausescu to accelerate the flow.//

25X1 In 1967, when the USSR and its other allies broke relations with Israel following the Middle East War, Romania refused to follow suit despite Soviet pressure. This caused a number of Arab states to break relations with Romania. Relations with the Arabs were gradually restored, but Romania continued to import Iranian oil through a pipeline across Israel. Certain Romanian enterprises were put on the Arab boycott list in August 1975 and remained on it for about a year.

25X1 Romania persists in its "balanced" Middle East policy. It is a strong advocate of Israel's right to exist as a separate nation but also supports a Palestinian "national state." Ceausescu evidently believes that relations with Israel will bolster his independent foreign policy, and he probably also expects that his stand will win some points in US eyes.

25X1 Ceausescu's decision to meet with Begin is in keeping with a somewhat more independent tone that has crept into Romanian-Soviet relations since early July. For over a year, Romania had attempted to minimize public differences with the Soviets. Last month, however, Ceausescu broke ranks with the other Warsaw Pact countries and cautiously defended Spanish Communist Party chief Carrillo following Moscow's unprecedented attack on him in June. Ceausescu received Carrillo in Romania in late July, and the two independent-minded leaders reiterated their belief in the principles of party autonomy and noninterference in internal affairs.

25X1 A series of articles highlighting Romania's foreign policy has begun to appear in the Romanian press, and in mid-August Ceausescu saw visiting Italian Communist Party official Pajetta for "warm and friendly" talks on the communist movement.

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INDIA: Desai's Travel Itenerary

25X1 *Indian Prime Minister Desai plans to travel to the USSR and US this fall; he appears anxious to demonstrate the even-handed, nonaligned policy of his government.*

25X1 Desai expects to visit Washington in October or November. It will be the first visit of an Indian prime minister since November 1971--just prior to the India-Pakistan war and the subsequent low point in Indo-US relations. The Prime Minister obviously hopes the visit will give impetus to his recent moves toward improved relations with the US.

25X1 The relationship with the USSR, however, is still of primary importance to Desai's government. To reassure the USSR of India's continued good will, Desai plans to hold wide-ranging discussions with Brezhnev in September before his trip to Washington.

25X1 Defense Minister Ram will make a separate visit to the USSR, Czechoslovakia, and East Germany in September on what is presumably an arms-shopping mission. 25X1

POLAND: Rumored Personnel Changes

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25X1 The Polish rumor mill has predicted Jaroszewicz's fall since the June 1976 riots over proposed price increases. In fact, the longer the economic malaise continues, the greater will be the pressure for political change. Changes in the government lineup could be announced during one of the fall sessions of the parliament--the first of which will be held

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late next month. Party shifts could be announced at the second party conference--a mini-party congress scheduled for early next year.

25X1 Of the two leaders, Gierek is the more secure. He was not blamed personally by the public for the price proposals and seems to be generally viewed as the most acceptable party politician. He has no obvious rivals for his job. We believe that the rumors about Gierek's future are overly pessimistic. Unless there is a repetition of widespread rioting, it is unlikely that he could be forced out of office.

25X1 //Jaroszewicz's status is less certain. He was blamed for the price proposals and is unpopular because of his long-time association with the Soviets. More important, there is a widespread belief that the government remains unable to meet consumer demands or to get a handle on severe foreign trade problems. 25X1

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25X1 //Jaroszewicz's early replacement is not a foregone conclusion. He managed to keep his job after the riots, and he has been very active this spring and summer. Gierek would have to convince Moscow that removal of the trusted Prime Minister is required for economic and political stability.//

25X1 //If there is to be a change, most sources assert that Central Committee Secretary Stefan Olszowski would be the leading candidate to become prime minister. Olszowski, a former foreign minister, became a party secretary and Gierek's principal adviser on economic matters at a Central Committee plenum last December.//

25X1 //Olszowski is reported to be a good manager, bright and aggressive, and has promoted Gierek's pragmatic political and economic policies. 25X1

25X1 He appears to have a good relationship with the Soviets; this was demonstrated in March when he was received by General Secretary Brezhnev.//

25X1 Olszowski's nomination would probably be opposed by some officials within the economic establishment because of

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his lack of experience in economic affairs.

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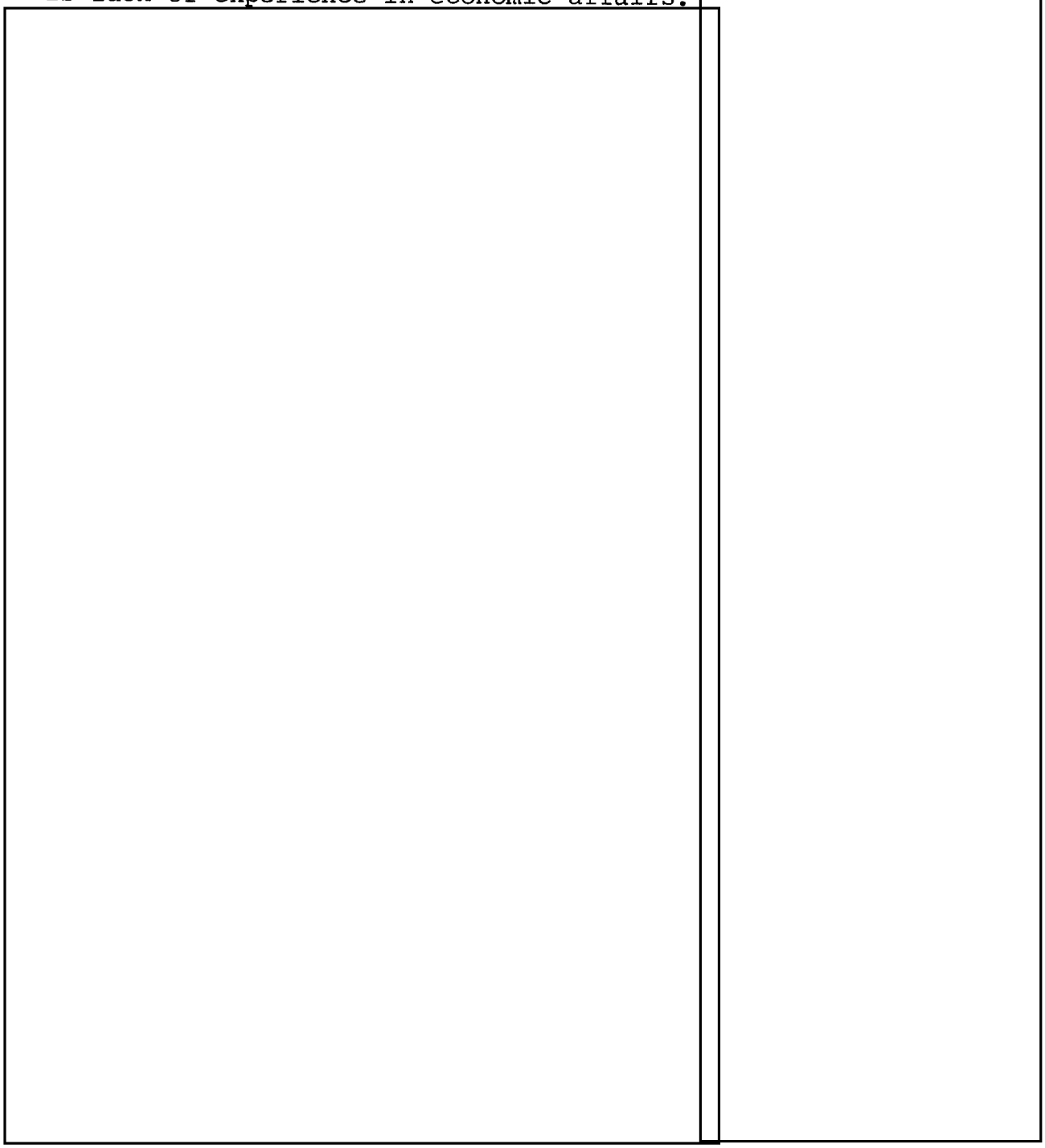

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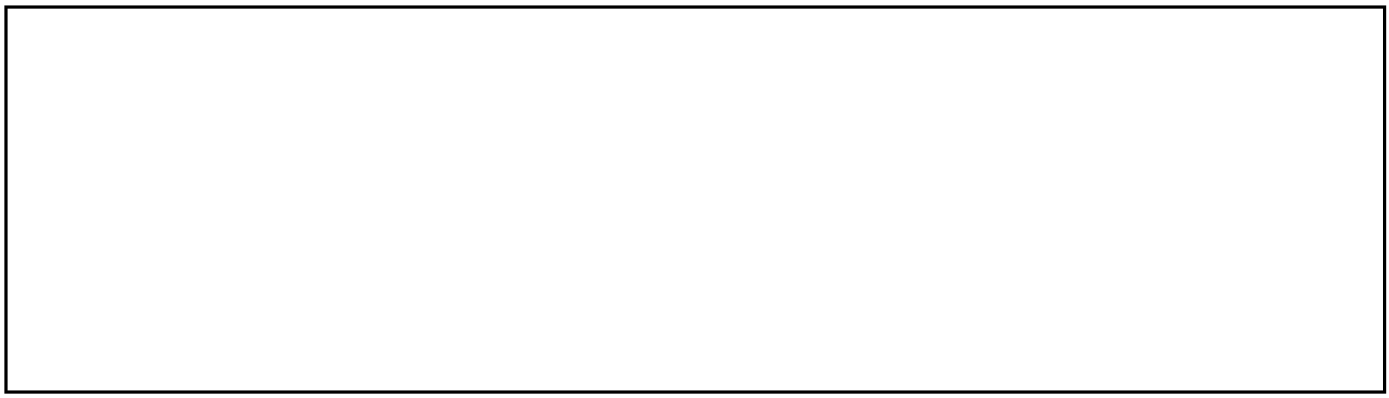

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CHINA: Hua's Congressional Speech

25X1 *Chinese party Chairman Hua Kuo-feng, in a wide-ranging policy address to the 11th Party Congress that was made public yesterday, stressed the need for unity and increased agricultural and industrial production. He also reiterated China's opposition to the USSR and its interest in improved relations with the US. The themes are familiar ones, but domestic issues have not been treated in so comprehensive or authoritative a fashion since the Cultural Revolution.*

25X1 The speech, which seemed to contain something for almost everyone, will doubtless be well received. Its principal importance may be as an indicator of how much the Chinese political situation has improved since the purge of the left. At the 10th Party Congress in 1973, then Premier Chou En-lai, who was the consumate Chinese politician, could do little more than repeat slogans.

25X1 After lavishly praising Mao Tse-tung's contributions to Marxism, Hua cleared Mao of all ties to the purged leftist leaders. Hua asserted that Mao had actually led the opposition to the "gang of four" and that he had worked closely with Hua and recently rehabilitated party Vice Chairman Teng Hsiao-ping to prevent the gang from seizing power. Mao, in fact, often protected the leftists and acquiesced in Teng's fall in 1976.

25X1 Hua's fiction is vital because it enables the new leadership to claim Mao's mantle but discard those aspects of his legacy that run counter to the pragmatic, moderate policies favored by the new Central Committee.

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Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

25X1 [redacted] Hua stoutly defended veteran party cadre, many of whom had been criticized by Mao or branded enemies of the party by the leftists. The new Central Committee and Politburo are dominated by these old party bureaucrats and professional military men. The Party Chairman went to great lengths to show that they had been wrongly accused and that their return to power does not violate Mao's wishes. The presence of so many old party hands on the Central Committee and Politburo is likely to displease younger party members who have labored at lower levels for years and who loyally withstood the blandishments of the gang of four.

25X1 [redacted] Unity and stability were the overriding themes of the domestic section of Hua's speech. He indicated that the new leadership will not tolerate the disorder that characterized the last decade. He repeatedly called for greater party discipline and warned of harsh treatment for those who break the law.

25X1 [redacted] Hua announced a wide-ranging "screening" of gang of four supporters, but seemed to subordinate this work to increasing industrial and agricultural production. He also stated that the investigations must be completed by the end of this year or early next and that purges should be kept to a minimum.

25X1 [redacted] In conjunction with the campaign against leftist supporters, a "rectification campaign" in the party will be launched later this year. Among other things, it will apparently review the cases of those party members who have suffered at the hands of the leftists.

25X1 [redacted] Hua broke no real new ground when he discussed economic policy. He did suggest that professional managers and experts will be given more leeway to run their enterprises as long as they remain within the national economic plan. He treaded lightly when addressing worker demands for higher wages and better living conditions by repeating the standard line that worker benefits would increase as production rises. Hua did not discuss the role foreign trade will play in expanding production, but the new Central Committee contains many advocates of increased imports of foreign technology.

25X1 [redacted] Military themes also received standard treatment. Hua stressed the party's absolute control over the military,

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Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

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Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

and at one point repeated Mao's admonition to senior military commanders not to abuse their authority. He called for the modernization of the army, but made it clear that defense industries would not get priority over agriculture and basic heavy industry.

25X1 Hua strongly endorsed a relaxation of the strict limitations the leftists placed on education and the arts and sciences. Hua made it clear that intellectuals had been wronged by the leftists and indicated that China intends to draw on the intellectuals' expertise, even if many of them lack a thorough understanding of politics.

25X1 Hua's remarks on Chinese foreign policy included no surprises, although his backhanded swipe at Albania was the most authoritative response so far to Albania's recent public criticism of China. While he did not mention Albania by name, it was obvious that Hua had it in mind when, citing Mao and Lenin, he defended China's opening to the US. Those who fail to understand the strategic advantages of temporary alliances with erstwhile enemies, Hua said, "fail to understand even a particle of Marxism."

25X1 The Party Chairman reiterated Peking's interest in improved relations with the US, and sharply criticized the USSR's "aggression and expansion." Hua said the 1972 Shanghai communique remains the "basis" for Sino-US relations. He stressed that the communique states both sides' opposition to "hegemonism," Peking's codeword for the USSR. Hua also said ties between the two countries would continue to improve "provided the principles laid down in the communique are carried out in earnest," a formulation that--since 1975--has implied Peking's suspicions about the US ability to move the relationship forward.

25X1 Hua also repeated Peking's "three conditions" for the normalization of Sino-US relations. These requirements were first made public officially last month by Vice Chairman Li Hsien-nien. They state that the US must sever diplomatic ties with Taipei, withdraw all military forces from Taiwan and the Taiwan Strait, and abrogate its mutual defense treaty with Taipei.

25X1 The Chinese leader placed the blame for the lack of movement in Sino-Soviet relations squarely on Soviet shoulders.

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Approved For Release 2007/03/14 : CIA-RDP79T00975A030300010022-0

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Referring to the Soviet leadership as a "fascist dictatorship," Hua said that Moscow had not shown "one iota of good faith" about improving relations and that the Soviets were responsible for leading relations between the two sides "up a blind alley." He said differences of principle between Peking and Moscow would continue "for a long time."

25X1 Hua's extremely pessimistic characterization of the prospects for Sino-Soviet relations strongly suggests that Peking's post-Mao leaders have not softened their attitudes toward the USSR. Coming on the eve of Secretary Vance's visit to Peking, Hua's remarks serve to reinforce Peking's apparent determination to follow through with "Chairman Mao's revolutionary line in foreign policy," the most important aspect of which has been China's opening to the US. 25X1

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